

HOUSE BILL 404

A2

11r0770
CF SB 296

By: **Washington County Delegation**

Introduced and read first time: February 4, 2011

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2011

CHAPTER _____

1 AN ACT concerning

2 **Washington County – Alcoholic Beverages – Micro-Breweries**

3 FOR the purpose of adding Washington County to the list of counties in which a Class
4 7 micro-brewery license may be issued; authorizing the Comptroller to issue the
5 license in the county to holders of certain retail alcoholic beverages licenses;
6 adding the county to the list of counties in which a Class 7 micro-brewery
7 licensee may sell at retail beer for consumption off the premises under certain
8 circumstances; providing for the hours and days for consumer sales under the
9 license; prohibiting the Comptroller from issuing a Class 7 micro-brewery
10 license for a premises on property in Washington County that has been leased
11 unless the landlord of the property presents to the Comptroller a receipt or
12 certificate showing certain information relating to the payment of taxes; and
13 generally relating to alcoholic beverages in Washington County.

14 BY repealing and reenacting, without amendments,
15 Article 2B – Alcoholic Beverages
16 Section 2-208(a), (c), and (e)
17 Annotated Code of Maryland
18 (2005 Replacement Volume and 2010 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article 2B – Alcoholic Beverages
21 Section 2-208(b), (d), and (f)
22 Annotated Code of Maryland
23 (2005 Replacement Volume and 2010 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to
2 Article 2B – Alcoholic Beverages
3 Section 2–208(j)
4 Annotated Code of Maryland
5 (2005 Replacement Volume and 2010 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article 2B – Alcoholic Beverages**

9 2–208.

10 (a) There is a Class 7 micro–brewery (on– and off–sale) license.

11 (b) The license shall be issued:

12 (1) By the State Comptroller;

13 (2) Only in the following jurisdictions:

14 (i) Allegany County;

15 (ii) Baltimore City;

16 (iii) Baltimore County;

17 (iv) The City of Annapolis;

18 (v) Anne Arundel County;

19 (vi) Calvert County;

20 (vii) Carroll County;

21 (viii) Charles County;

22 (ix) Dorchester County;

23 (x) Frederick County;

24 (xi) Garrett County;

25 (xii) Harford County;

26 (xiii) Howard County;

1 (xiv) Montgomery County;

2 (xv) Prince George’s County;

3 (xvi) Talbot County;

4 (xvii) **WASHINGTON COUNTY;**

5 **(XVIII)** Wicomico County; and

6 **[(xviii)] (XIX)** Worcester County;

7 (3) (i) Only to a holder of a Class B beer, wine and liquor (on-sale)
 8 license that is issued for use on the premises of a restaurant located in a jurisdiction
 9 listed in paragraph (2) of this subsection; or

10 (ii) To a holder of a Class D alcoholic beverages license that is
 11 issued for use on the premises of the existing Class D license if the premises are
 12 located in **[the]**:

13 1. **THE** 22nd Alcoholic Beverages District of Prince
 14 George’s County; **OR**

15 2. **WASHINGTON COUNTY;** and

16 (4) In addition to item (3) of this subsection, in Montgomery County
 17 only to a holder of a Class H beer and light wine license that is issued for use on the
 18 premises of a restaurant located in the County.

19 (c) (1) A holder of a Class 7 micro-brewery license:

20 (i) May brew and bottle malt beverages at the license location;

21 (ii) May obtain a Class 2 rectifying license for a premises
 22 located within 1 mile of the existing Class 7 micro-brewery location to bottle malt
 23 beverages brewed at the micro-brewery location only;

24 (iii) May contract with the holder of a Class 5 brewery license, a
 25 Class 7 micro-brewery license, or a Class 2 rectifying license held under § 2-203 of
 26 this subtitle or the holder of a nonresident dealer’s permit to brew and bottle malt
 27 beverages on their behalf;

28 (iv) May store the finished product under an individual storage
 29 permit or at a licensed public storage facility for subsequent sale and delivery to a
 30 licensed wholesaler, an authorized person outside this State, and for shipment back to
 31 the micro-brewery location for sale on the retail premises;

1 (v) May not collectively brew, bottle, or contract for more than
2 22,500 barrels of malt beverages each calendar year; and

3 (vi) May enter into a temporary delivery agreement with a
4 distributor only for delivery of beer to a beer festival or wine and beer festival and the
5 return of any unused beer if:

6 1. The beer festival or wine and beer festival is in a sales
7 territory for which the holder does not have a franchise with a distributor under the
8 Beer Franchise Fair Dealing Act; and

9 2. The temporary delivery agreement is in writing.

10 (2) A Class 7 licensee who wishes to produce more than the barrelage
11 authorized under paragraph (1)(v) of this subsection shall divest of any Class B, D, or
12 any other retail license and obtain a Class 5 manufacturer's license.

13 (3) For the purposes of determining the barrelage limitation under
14 paragraph (1)(v) of this subsection, any salable beer produced under contractual
15 arrangements accrues only to the Class 7 micro-brewery licensee who is the brand
16 owner.

17 (4) In Allegany County only, the holder of a Class 7 license:

18 (i) May brew in one location and may contract for the bottling
19 of the malt beverage in another location; and

20 (ii) Need not meet the hotel/motel requirements for a Class B
21 beer, wine and liquor licensee but shall meet the requirements for those Class B
22 restaurants.

23 (d) (1) The on-sale privilege authorizes the holder, each calendar year, to
24 sell at retail up to 4,000 barrels of beer brewed under this license to customers for
25 consumption on the licensed premises.

26 (2) The off-sale privilege authorizes the holder to sell and deliver beer
27 brewed under this license to:

28 (i) Any wholesaler licensed under this article to sell beer in this
29 State; or

30 (ii) Any person who is located in a state other than Maryland
31 who is authorized under the laws of that state to receive brewed beverages.

32 (3) (i) This paragraph applies only in:

- 1 1. Allegany County;
- 2 2. The City of Annapolis;
- 3 3. Anne Arundel County;
- 4 4. Baltimore City;
- 5 5. Baltimore County;
- 6 6. Calvert County;
- 7 7. Carroll County;
- 8 8. Charles County;
- 9 9. Dorchester County;
- 10 10. Frederick County;
- 11 11. Garrett County;
- 12 12. Harford County;
- 13 13. Howard County;
- 14 14. Montgomery County;
- 15 15. Prince George’s County;
- 16 16. Talbot County;
- 17 17. **WASHINGTON COUNTY;**
- 18 **18.** Wicomico County; and
- 19 **[18.] 19.** Worcester County.

20 (ii) The holder may sell at retail beer brewed under this license
21 to customers for consumption off the licensed premises in refillable containers that are
22 sealed by the micro-brewery licensee at the time of each refill.

23 (e) A holder of a Class 7 micro-brewery license:

24 (1) May not own, operate or be affiliated with any other manufacturer
25 of beer except for a Class 2 rectifying license authorized by subsection (c)(1)(ii) of this
26 section; and

1 (2) Notwithstanding § 2-201(b) of this subtitle, may not be granted a
2 wholesale alcoholic beverages license.

3 (f) (1) The hours and days for consumer sales under this license are as
4 established for a Class B license in the respective jurisdictions listed in subsection
5 (b)(2) of this section.

6 (2) For Class D licensees in the 22nd Alcoholic Beverages District in
7 Prince George’s County only, the hours and days for consumer sales under this license
8 are as established for a Class D license in Prince George’s County.

9 (3) **FOR CLASS D LICENSEES IN WASHINGTON COUNTY, THE**
10 **HOURS AND DAYS FOR CONSUMER SALES UNDER THIS LICENSE ARE AS**
11 **ESTABLISHED FOR A CLASS D LICENSE IN WASHINGTON COUNTY.**

12 **(J) (1) THIS SUBSECTION APPLIES ONLY IN WASHINGTON COUNTY.**

13 **(2) THE COMPTROLLER MAY NOT ISSUE A CLASS 7**
14 **MICRO-BREWERY LICENSE FOR A PREMISES ON PROPERTY THAT HAS BEEN**
15 **LEASED UNLESS THE LANDLORD OF THE PROPERTY PRESENTS TO THE**
16 **COMPTROLLER A RECEIPT OR CERTIFICATE SHOWING THAT THERE ARE NO**
17 **UNPAID TAXES DUE TO THE STATE, A COUNTY, OR ANY LOCAL GOVERNMENT**
18 **FROM THE LANDLORD OR ANY ENTITY IN WHICH THE LANDLORD HAS A DIRECT**
19 **OR INDIRECT INTEREST THAT:**

20 **(I) IS PROPRIETARY; OR**

21 **(II) HAS BEEN OBTAINED BY A LOAN, MORTGAGE, OR LIEN,**
22 **OR IN ANY OTHER MANNER.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.